

MINUTES OF THE
AD HOC COMMITTEE FOR PERSONNEL POLICIES AND PROCEDURES
MEETING HELD
MONDAY, NOVEMBER 1, 2010 – 9:20 A.M.

Present: Committee Members John Casey
 Thomas Hoffman
 Fred Montgomery

Board Member Roderick Bashir

Staff William Atwood
 Katherine Spinato

Absent: Committee Member Michele Bush

ROLL CALL

Chairman Montgomery called the meeting to order at 9:20 a.m. The Secretary called the roll and noted that a quorum was present.

CONSIDERATION OF MISSION STATEMENT

Director Atwood referred the Committee to his Memorandum "Ad Hoc Committee on Personnel Policy and Procedures Scope and Discussion" dated October 13, 2010. (Official minutes contain attachment.)

Discussion ensued regarding the purpose and scope of the Ad Hoc Committee as presented in the memorandum. It was the consensus of the Committee Members that the scope of the Ad Hoc Committee for Personnel Policies and Procedures as outlined by Director Atwood is to review the personnel policies and procedures currently in place for the Staff of the Illinois State Board of Investment (ISBI); examine such policies in the context of their consistency with State and federal laws, as well as industry best practice; consider any improvements that might be made to the policies; and submit any proposed improvements to the full Board for its consideration.

Discussion ensued regarding the process after which it was the consensus of the Committee to defer discussions of the process.

Chairman Montgomery stated that the Auditor General's Office asked the McGladrey & Pullen auditors to review any possible undisclosed liabilities relating to employee benefits and to review compensation and benefit policies in general, which prompted the formation of this Committee. It was the consensus of the Committee members present to review personnel policies and procedures relating to compensatory time, vacation, salary and bonus for best industry practices and report back to the Board at the December 17, 2010 meeting.

Detailed discussion commenced relating to the "employer pick up" of the State Employees' Retirement System employee contribution portion.

Consideration was given to the engagement of a consultant, after which it was the consensus of the Committee members to have the Staff review comparable positions in both the public and private sectors.

Following lengthy and detailed discussion, it was the consensus of the Committee Members to:

- require all currently employed staff to obtain prior written approval from the Executive Director prior to accrual of any compensatory time;
- consider revisions to Board policy to require any new non-code employees to follow the same vacation schedule as outlined in the Personnel Code, discontinue the pick up of the employee contributions to the State Employees' Retirement System, and discontinue the compensatory time policy;

- instruct the General Counsel to review legal questions relating to changing policies for current employees; and
- give further consideration to the vacation accrual of the Executive Director.

UNFINISHED BUSINESS

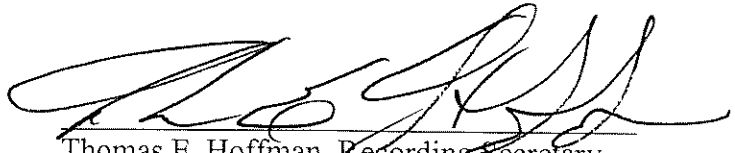
None.

NEXT MEETING AND ADJOURNMENT

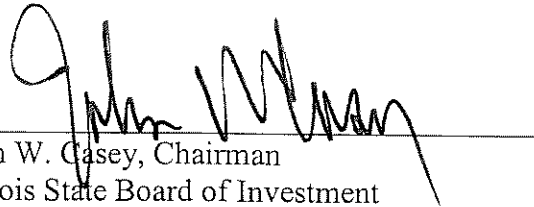
It was the consensus of the Committee Members to schedule a meeting immediately following the Fiduciary Training Session on Wednesday, November 17, 2010 at 1:30 p.m.

At 10:45 a.m., there being no further business to come before the Committee, Mr. Casey moved to adjourn. Judge Hoffman seconded and the motion passed unanimously.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. E. Hoffman', written over a horizontal line.

Thomas E. Hoffman, Recording Secretary
Illinois State Board of Investment

A handwritten signature in black ink, appearing to read 'John W. Casey', written over a horizontal line.

John W. Casey, Chairman
Illinois State Board of Investment